

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6895

BILL NUMBER: SB 226

DATE PREPARED: Dec 17, 1998

BILL AMENDED:

SUBJECT: Small wineries.

FISCAL ANALYST: Kristin Breen

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a small winery may produce, bottle, and sell any wine. (Current law limits these activities to table wine only.) It removes the 100,000 gallon limitation on a small winery's annual production.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: This bill allows small wineries to produce any type of wine. Currently, small wineries may only produce table wine. Table wine is wine produced without rectification or fortification and whose alcoholic content does not exceed 14 percent. This would allow small wineries to produce additional types of wine, such as sparkling wine, port, and sherry. This bill also removes the 100,000 gallon limitation on a small winery's annual production.

These provisions may increase the amount of wine that is produced and sold in Indiana. An increase in the amount of wine sold would increase wine excise tax revenue. The wine excise tax is \$0.47 per gallon. Tax revenue is deposited in the state General Fund, the Addiction Services Fund, the Alcoholic Beverage Commission's Enforcement and Administration Fund, the Post War Construction Fund, and the Wine Grape Market Development Fund. Between FY 94 and FY 98, an average of approximately \$3.3 million in wine excise tax revenue was collected each year.

An increase in the amount of wine sold would also increase sales tax revenue. Sales tax revenue is deposited in the state General Fund, the Property Tax Replacement Fund, and two dedicated funds.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fifty percent of wine excise tax revenue deposited in the state General Fund is allocated to cities and towns.

State Agencies Affected: Department of Revenue; Alcoholic Beverage Commission.

Local Agencies Affected:

Information Sources: Don Okey, Alcoholic Beverage Commission, 232-2463.